

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
PRIORITY MAIL EXPRESS, PRIORITY MAIL &
FIRST-CLASS PACKAGE SERVICE CONTRACT 78
(MC2022-35)
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2022-42

**USPS NOTICE OF AMENDMENT TO
PRIORITY MAIL EXPRESS, PRIORITY MAIL & FIRST-CLASS PACKAGE SERVICE
CONTRACT 78, FILED UNDER SEAL**
(December 28, 2022)

The Postal Service hereby provides notice that the terms of Priority Mail Express, Priority Mail & First-Class Package Service Contract 78, in the above-captioned proceeding, have changed as contemplated by the contract's terms. A redacted version of the amendment to Priority Mail Express, Priority Mail & First-Class Package Service Contract 78 is provided in Attachment A, and the unredacted amendment is being filed under seal. The amendment will become effective two business days following the day that the Commission completes its review of this filing.

The Postal Service is also filing supporting financial documentation and a certified statement as required by 39 C.F.R. § 3015.5. The certified statement required by 39 C.F.R. § 3015.5(c)(2) is provided in Attachment B. A redacted version of the supporting financial documentation is included with this filing as a separate Excel file. The Postal Service's original application for non-public treatment in this docket is hereby incorporated by reference for the protection of these materials.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

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December 28, 2022

ATTACHMENT A

**REDACTED AMENDMENT TO PRIORITY MAIL EXPRESS, PRIORITY MAIL &
FIRST-CLASS PACKAGE SERVICE CONTRACT 78**

AMENDMENT #1
OF
SHIPPING SERVICES CONTRACT
BETWEEN
THE UNITED STATES POSTAL SERVICE
AND
[REDACTED]
REGARDING
PRIORITY MAIL EXPRESS,
PRIORITY MAIL
AND
FIRST-CLASS PACKAGE SERVICE

WHEREAS, the United States Postal Service (the “Postal Service”) and [REDACTED] (“Customer”) entered into a Shipping Services Contract, PME-PM-FCPS Contract 78/Docket No. CP2022-42 regarding Priority Mail Express, Priority Mail and First-Class Package Service on December 22, 2021.

WHEREAS, the Parties desire to amend the terms in Section I.K, including Table D, Sections I.L, I.M, I.N, including Tables 4 through 9 and adding new Tables 10 through 13, Sections I.O Table E only, amend Sections I.P, Section I.R, renumbering Tables 10 through 13 as Tables 14 through 17, amend Section I.S renumbering Table 14 as Table 18, amend Section I.U.2 through 4, including Table F, amend Section I.X and replace the Additional Services table with Table 19 and amend Section I.Y of the Contract.

NOW, THEREFORE, the Parties agree that the Contract is hereby amended as detailed below. The existing Contract remains unchanged in all other respects. This Amendment shall become effective two (2) business days following the day on which the Commission issues all necessary regulatory approval.

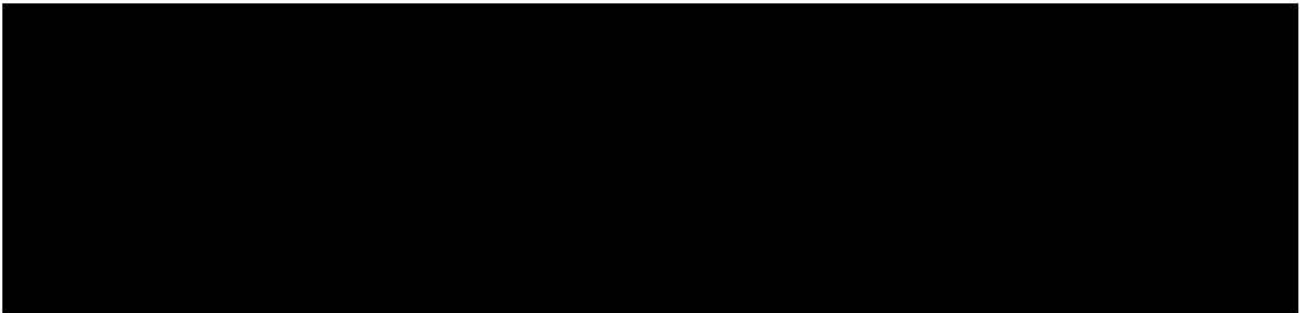
[Replace Section I.K, including Table D, Sections I.L, I.M, I.N, including Tables 4 through 9 and adding new Tables 10 through 13, amend Section I.O Table E only, amend Sections I.P, I.R renumbering Tables 10 through 13 as Tables 14 through 17 only, replace Section I.S renumbering Table 14 as Table 18 only, amend Section I.U.2 through 4, including Table F, amend Section I.X, replacing the Additional Services table with Table 19 and amend Section I.Y, as follows.]

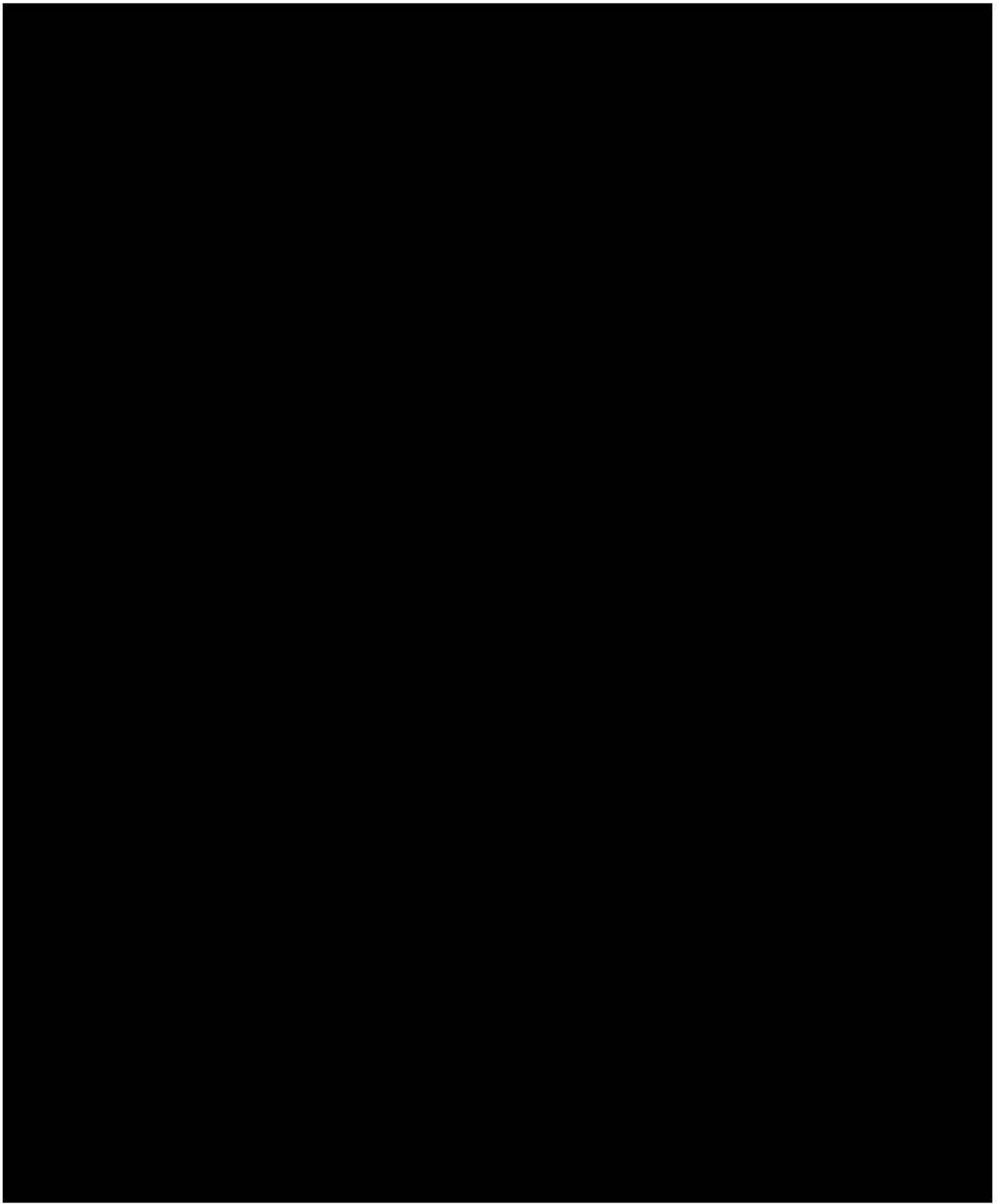
I. Terms

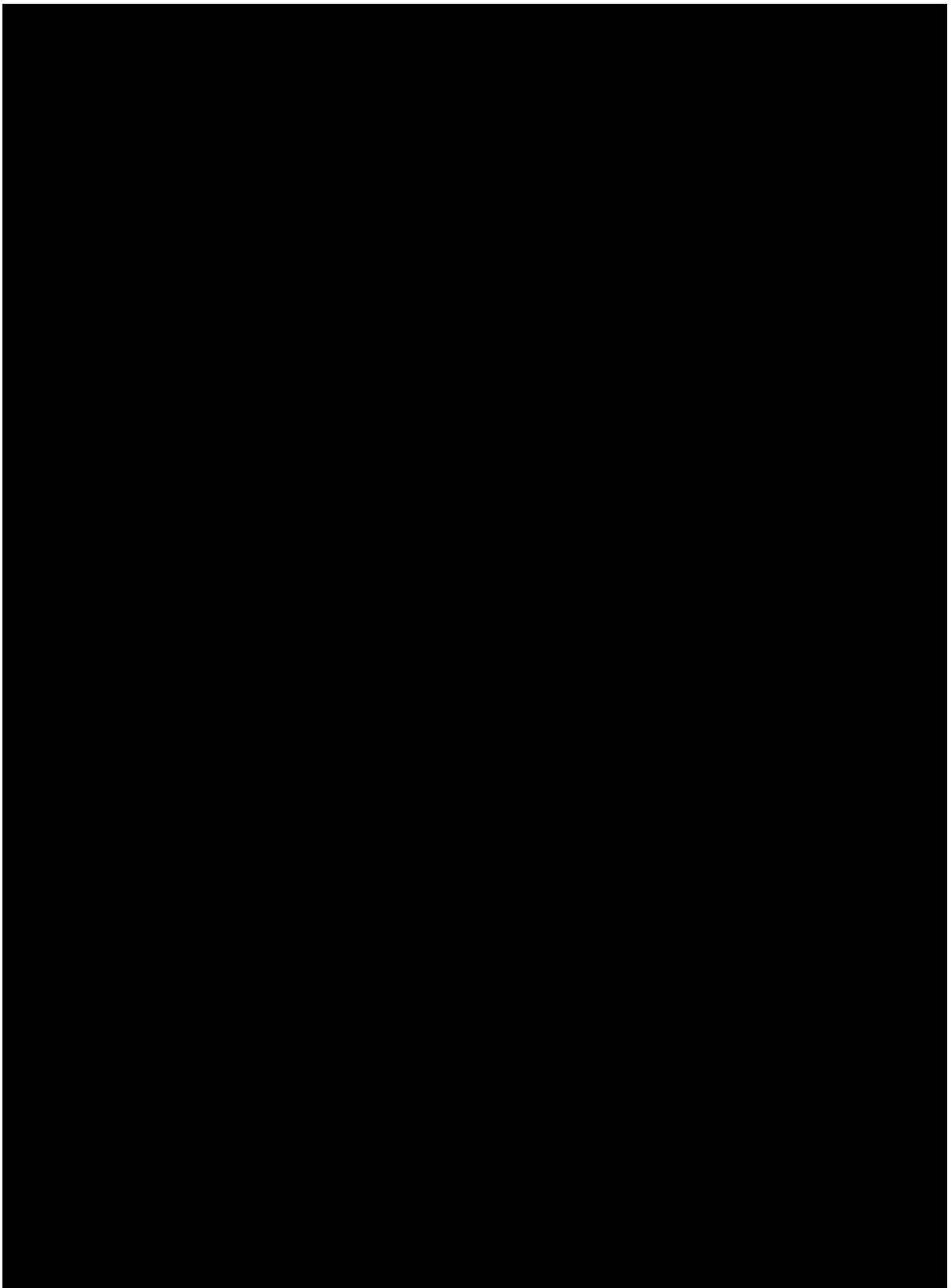
- K. Tier threshold (Total PM Packages). As outlined in Table D below, the following quarterly average volumes must be met in order to achieve the applicable Priority Mail Contract Package prices in Section I.N.

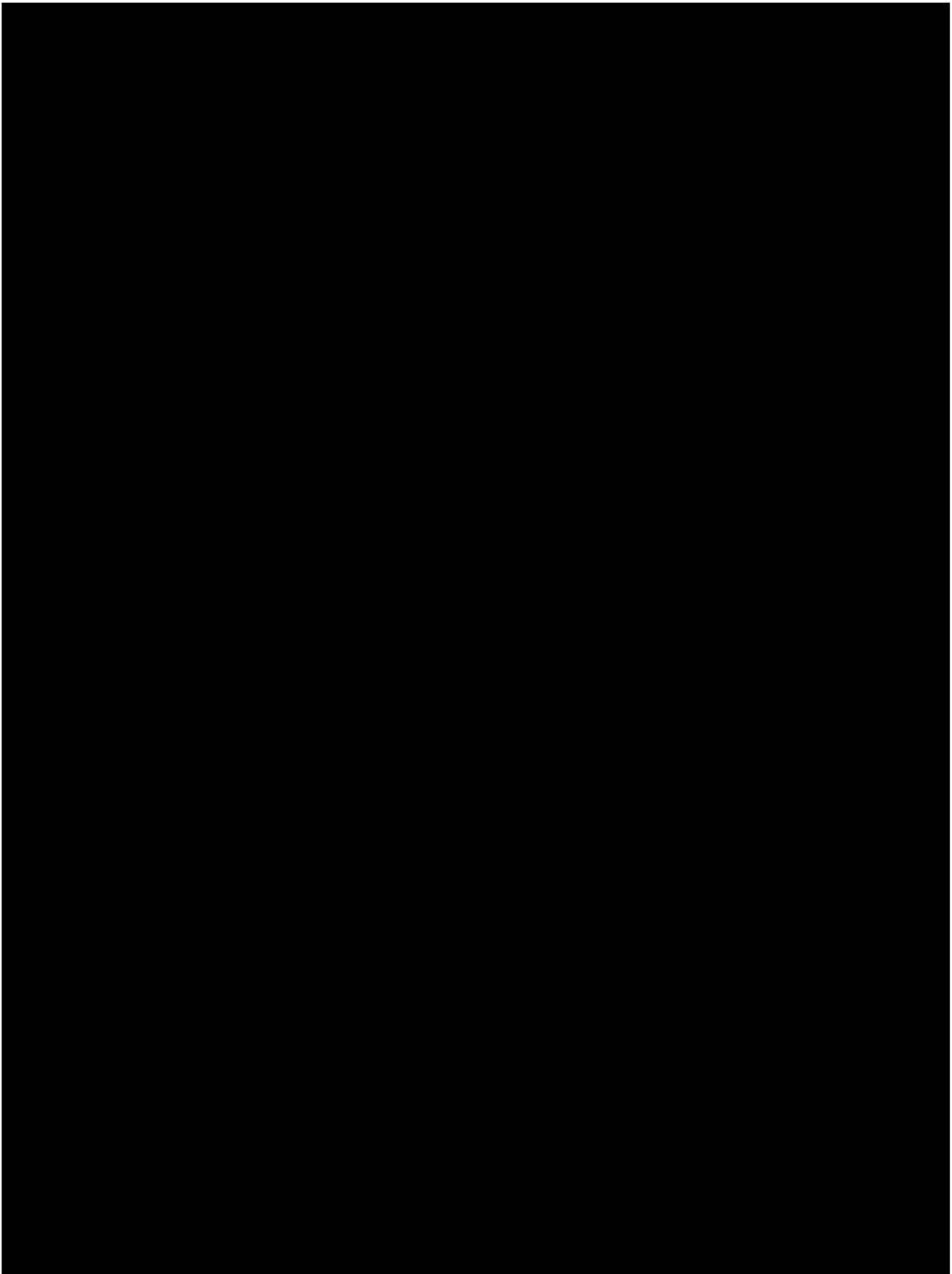


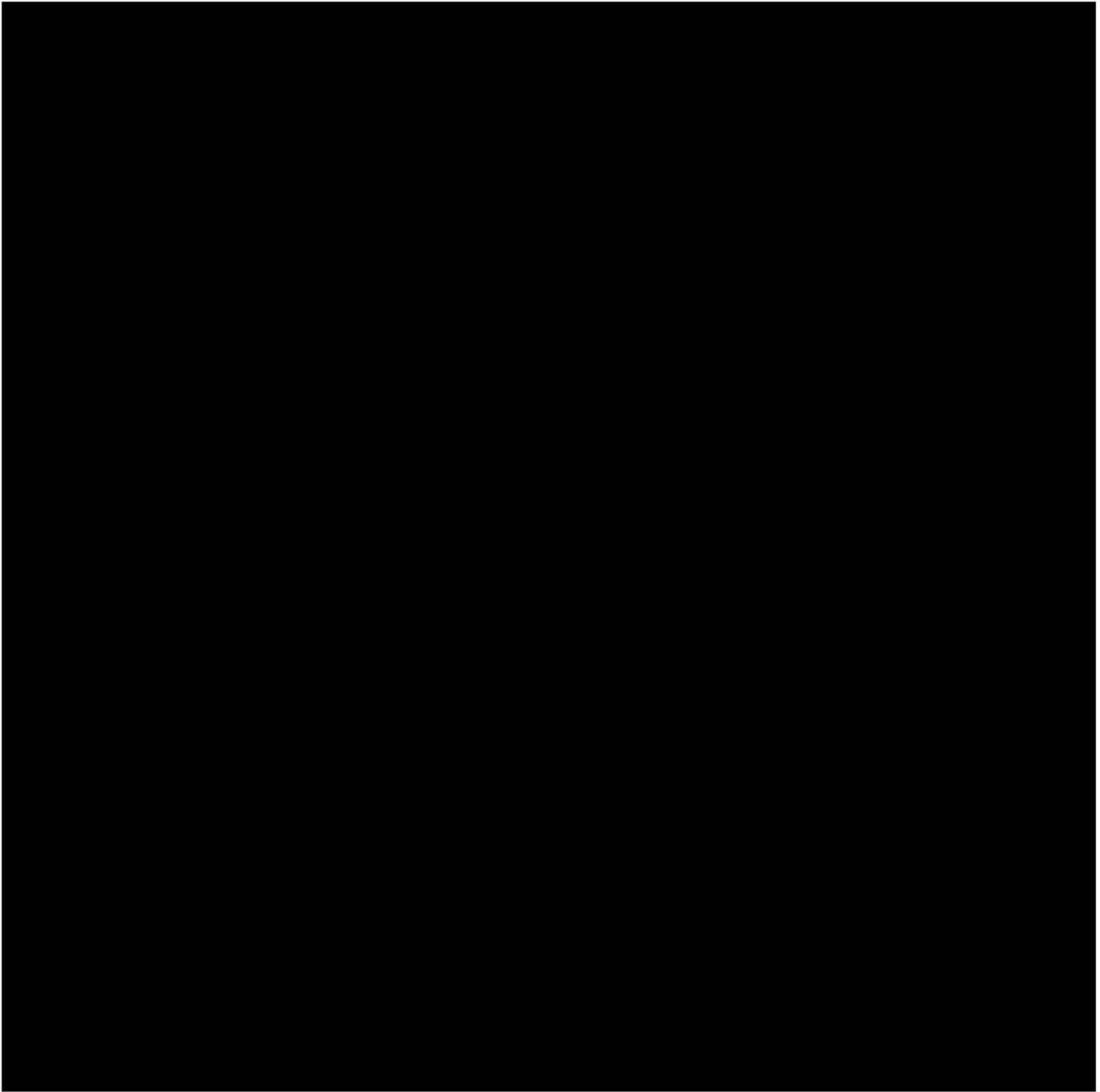
- L. From the Effective Date of the Amendment until the end of the first full Contract Quarter, Customer will pay Tier 3 prices for Priority Mail and Priority Mail Open & Distribute Contract Packages, pursuant to Tables 8 and 9 below. Beginning with the subsequent Contract Quarter, tier pricing will be determined by the quarterly average of Total PM Packages shipped under this Contract. The quarterly average will be based on the quantity of Total PM Packages shipped in the most recent four (4) full Contract Quarters. If the quarterly average of Total PM Packages shipped falls below the minimum volume set for Tier 1 pricing, the Postal Service in its sole discretion has the right to revert Customer to the most current Priority Mail Commercial Plus Prices for the subsequent Contract Quarter. Subsequent tier pricing will be determined by the quarterly average of Total PM Packages shipped during the term of this Contract.
- M. Customized prices for this Contract will be based on a rolling four (4) quarter average. Pricing for subsequent Contract Quarters will be calculated by the number of Total PM Packages shipped in the most recent four (4) full Contract Quarters divided by four (4). At the conclusion of each Contract Quarter, the Postal Service will calculate the total number of Total PM Packages and the number of applicable Contract Quarters to calculate and apply the appropriate rate table within thirty (30) calendar days of the conclusion of that Contract Quarter. The Postal Service will notify Customer, within thirty (30) calendar days after the start of each full Contract Quarter, of the applicable tiered prices for any Priority Mail Contract Packages shipped during that Contract Quarter. The calculated rate for the new Contract Quarter will become effective within thirty (30) calendar days from the start of the new Contract Quarter.
- N. Priority Mail Contract Package Price Tables



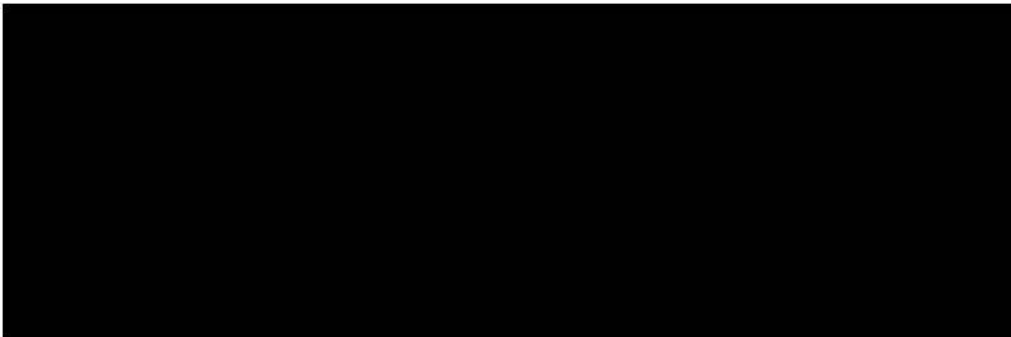




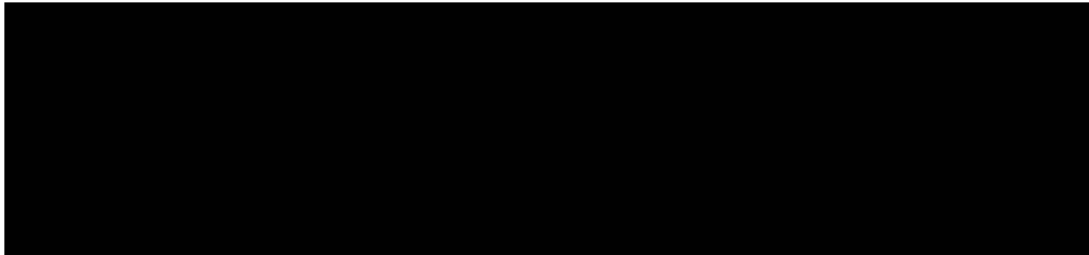




O. *Unchanged except for Table E.*



- P. From the Effective Date of the Amendment until the end of the first Contract Quarter, Customer will pay Tier 3 prices for First-Class Package Service Contract Packages, pursuant to Table 16 below. The quarterly average will be based on the quantity of Total FCPS Packages shipped in the most recent four (4) full Contract Quarters. If the quarterly average of Total FCPS Packages shipped falls below the minimum volume set for Tier 1 pricing, the Postal Service in its sole discretion has the right to revert Customer to the most current First-Class Package Service - Commercial prices for the subsequent Contract Quarter. Subsequent tier pricing will be determined by the quarterly average of Total FCPS Packages shipped during the term of this Contract.
- R. *Unchanged except renumber Tables 10 through 13 as Tables 14 through 17.*
- S. Customized Palletized Priority Mail Open & Distribute (“PPMOD”) Prices. The terms and prices contained herein (Table 18) will take effect on the Effective Date of this Amendment, until the anniversary date of the Contract’s Effective Date pursuant to Section I.U.4 below.



U. Annual Adjustment

1. *Unchanged.*
2. For subsequent years of the Contract, beginning on the first anniversary of the Contract’s Effective Date, customized Priority Mail prices under this Contract, found in Tables 4 through 13, will be the lesser of: (a) the previous year’s prices plus the most recent (as of the anniversary date) overall percentage increase in prices of general applicability for Priority Mail Commercial Plus, as calculated by the Postal Service, or (b) the previous year’s prices plus the applicable percent (Rate Cap) referenced in Table F below. If Customer qualifies for the Rate Cap, the Rate Cap will be determined by the price tier attained immediately prior to the Annual Adjustment.
3. For subsequent years of the Contract, beginning on the first anniversary of the Contract’s Effective Date, customized First-Class Package Service prices under this Contract, found in Tables 14 through 17, will be the lesser of: (a) the previous year’s prices plus the most recent (as of the anniversary date) overall percentage increase in prices of general applicability for First-Class Package Service - Commercial, as calculated by the Postal Service, or (b) the previous year’s prices plus the applicable percent (Rate Cap) referenced in Table F below. If Customer qualifies for the Rate Cap, the Rate Cap will be determined by the price tier attained immediately prior to the Annual Adjustment.

4. For subsequent years of the Contract, beginning on the first anniversary of the Contract's Effective Date, customized Palletized Priority Mail Open & Distribute prices under this Contract, found in Table 18, will be the lesser of: (a) the previous year's prices plus the most recent (as of the anniversary date) overall percentage increase in prices of general applicability for Priority Mail Commercial Plus, as calculated by the Postal Service, or (b) the previous year's prices plus the applicable percent for Priority Mail Contract Packages (Rate Cap) referenced in Table F below. If Customer qualifies for a Rate Cap, the Rate Cap will be determined by the price tier attained immediately prior to the Annual Adjustment.
5. *Unchanged.*
6. *Unchanged.*

- X. Additional Services. Customer will be eligible to receive the following additional services in Table 19, when requested throughout the term of the Contract. Customer will pay the corresponding Contract Prices in Table 19 for each additional service requested. The Parties further agree that, should published prices for the Additional Services shown in Table 19 below increase during the term of this Contract, Customer's Contract Prices for those Additional Services in Table 19 will increase commensurately. The Postal Service will adjust the Contract Price for each Additional Service by multiplying the Contract Price by the most recent percentage increase in the published price for the appropriate Additional Service and round up to the nearest whole cent.

¹ Adult Signature Required 18+. Under this Contract, this service shall require the signature of the addressee (natural person) only, who must be 18 years of age or older.

² Adult Signature Restricted Delivery Service for 18+. Under this Contract, this service shall require the signature of the addressee (natural person) only, who must be 18 years of age or older.



IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be duly executed as of the later date below:

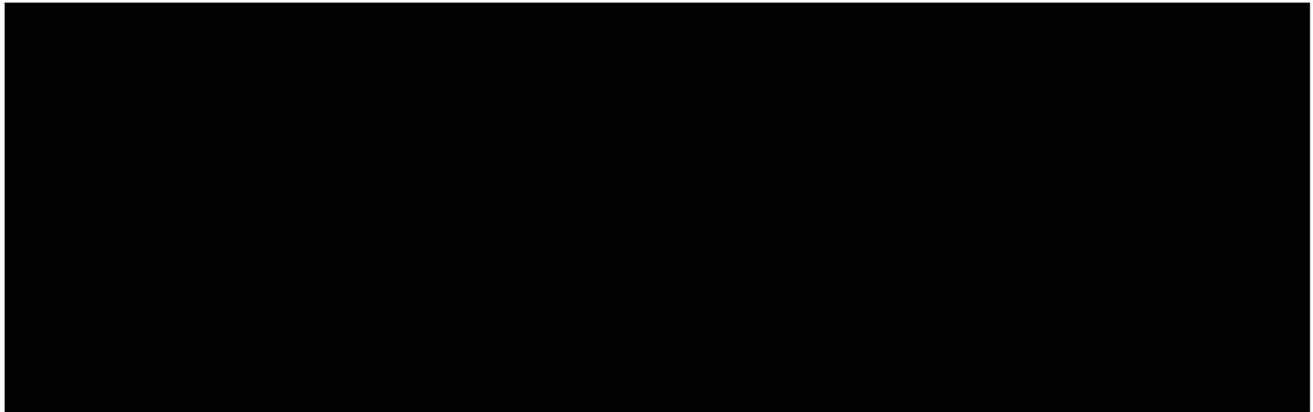
UNITED STATES POSTAL SERVICE

Signed by: Shibani Gambhir

Printed Name: Shibani Gambhir

Title: Vice President Business Development

Date: 12/28/2022



ATTACHMENT B
SIGNED CERTIFICATION

**Certification of Prices for Amendment to
Priority Mail Express, Priority Mail & First-Class Package Service
Contract 78**

I, Jorge A. Diaz, Manager, NSA Strategy & Support, Finance Department, am familiar with the prices and terms for the amendment to Priority Mail Express, Priority Mail & First-Class Package Service Contract 78. The amended prices and terms contained in this Contract were established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates (Governors' Decision No. 19-1).

I hereby certify, based on the financial analysis provided herewith, that the amended prices are in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). They are expected to cover attributable costs. There should therefore be no subsidization of competitive products by market dominant products. The amended contract should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.

Jorge A Diaz Digitally signed by Jorge A Diaz
Date: 2022.12.28 15:48:16
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Jorge A. Diaz